

Domestic Advertising Market and Hakuhodo DY Group's Domestic Billings

The domestic advertising market suffered a significant impact from the COVID-19 pandemic. However, the market has continued to recover since then and has generally maintained its size over the past decade.

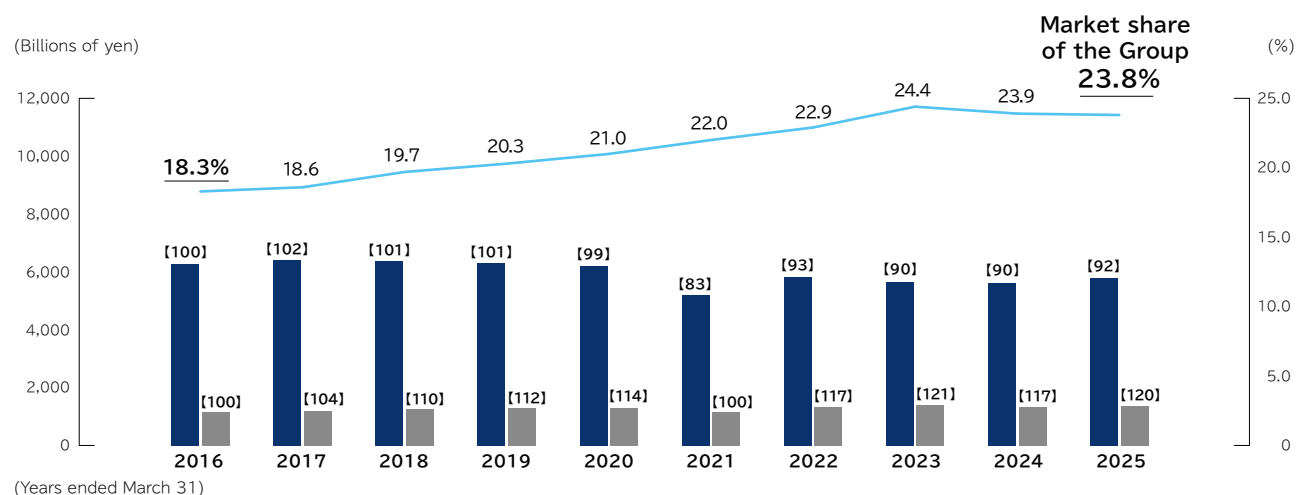
Meanwhile, the market's structure continues to change, with companies' marketing activities shifting to digital methods. Internet advertising remains strong, although its rate of growth has slowed.

In light of this landscape, the Hakuhodo DY Group has been engaging in marketing activities that hinge on the use of *sei-katsu-sha* data and AI and technology ahead of its industry peers.

We have been actively proposing Advertising as a service® (AaaS), a next-generation model for the advertising media business, to enhance the added value of media by leveraging information related to advertising inventory. At the same time, we are advancing the development and implementation of CREATIVITY ENGINE BLOOM, which integrates the Company's proprietary media and *sei-katsu-sha* data and knowledge with external data. Furthermore, we continue to strengthen our full-funnel service delivery framework to support the entirety of companies' marketing activities.

As a result, domestic billings in fiscal 2024 were 1.20 times those of fiscal 2015, and our estimated market share has expanded steadily from 18.3% in fiscal 2015 to 24.4% in fiscal 2022. However, our market share has leveled off recently due to changes in the media structure.

The Group's Domestic Billings Relative to the Domestic Advertising Market



(Left) ■ Domestic advertising market ■ HDY: Consolidated billings (domestic) (Right) — Market share
Figures enclosed in brackets were calculated as an index value (of 100) benchmarked to the fiscal year ended March 31, 2016.

Notes: 1. Data for the domestic advertising market is taken from the *Survey of Selected Service Industries** (Ministry of Economy, Trade and Industry). For certain discontinuities in the numerical results published in the survey arising from changes in the survey pool, adjusted numerical results based on growth rate data are used.
* The survey concluded in December 2024, and the data for the domestic advertising market in fiscal 2024 includes some estimates based on the Company's own calculations.
2. To quantify the annual change in the size of the domestic advertising market and our domestic billings over time, each year's figure was calculated as an index value (of 100) benchmarked to the fiscal year ended March 31, 2016.
3. The Group's market share has been calculated using the following formula: HDY's billings (domestic) ÷ domestic advertising market. HDY's consolidated (domestic) billings exclude the impact of investment business for the fiscal years ended March 31, 2019 through March 31, 2024, and exclude adjustments for the fiscal year ended March 31, 2025 (gains on the sale of Mercari, Inc. shares held by UNITED, Inc., an equity-method affiliate).